

**TOWN OF BROOKLINE, MASSACHUSETTS**

**REPORT ON EXAMINATION OF**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2000**



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## ***Financial Section***

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## Independent Auditors' Report

To the Honorable Board of Selectmen  
Town of Brookline, Massachusetts

We have audited the accompanying general purpose financial statements of the Town of Brookline, Massachusetts, as of and for the fiscal year ended June 30, 2000, (except for the Brookline Contributory Retirement System, which is as of and for the year ended December 31, 1999), as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Brookline, Massachusetts' management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Brookline, Massachusetts, as of June 30, 2000, (except for the Brookline Contributory Retirement System, which is as of December 31, 1999), and the results of its operations and cash flows of its Proprietary Fund Types and Nonexpendable Trust Funds and the changes in net assets available for employees' pension benefits of its Pension Trust Fund for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2000, on our consideration of the Town of Brookline, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Town of Brookline, Massachusetts. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



September 27, 2000

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# ***General Purpose Financial Statements***

**ALL FUND TYPES AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET**

JUNE 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>			
Cash and short-term investments	\$ 37,009,041	\$ 7,987,462	\$ 16,194,466
Investments			
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	813,365		
Tax liens	560,051		
Motor vehicle excise	1,609,624		
User fees	1,535,900		
Departmental and other	241,786		
Interest and dividends			
Intergovernmental		212,802	
Loans		822,373	
Fixed assets, net			
Other assets	56,513		
Amounts to be provided for retirement of long-term obligations			
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 41,826,280</b>	<b>\$ 9,022,637</b>	<b>\$ 16,194,466</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>			
<b>LIABILITIES:</b>			
Warrants payable	\$ 1,391,650	\$ 222,947	\$ 2,427,739
Accrued liabilities	1,440,714		
Reserve for abatements	3,495,660		
Other liabilities	82,543	518,451	
Deferred revenues	2,336,147	619,773	
Landfill closure			
Accrued compensated absences			
Bonds and notes payable			10,500,000
<b>TOTAL LIABILITIES</b>	<b>8,746,714</b>	<b>1,361,171</b>	<b>12,927,739</b>
<b>FUND EQUITY (DEFICIT):</b>			
Investment in general fixed assets			
Retained earnings			
Fund balance:			
Reserved for:			
Encumbrances and continuing appropriations	3,583,469		
Loans		822,373	
Nonexpendable trust			
Stabilization			
Employees' pension benefits			
Unreserved:			
Designated for subsequent years' expenditures	5,410,908		
Designated for capital expenditures	2,200,000		
Undesignated	21,885,189	6,839,093	3,266,727
<b>TOTAL FUND EQUITY (DEFICIT) AND OTHER CREDITS</b>	<b>33,079,566</b>	<b>7,661,466</b>	<b>3,266,727</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 41,826,280</b>	<b>\$ 9,022,637</b>	<b>\$ 16,194,466</b>

See notes to general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
Golf Enterprise	Internal Service	Trust and Agency	Pension Trust December 31, 1999	General Fixed Assets	General Long-Term Obligations	
\$ 40,043	\$ 4,742,661	\$ 6,485,911 5,571,509	\$ 12,421,562 146,358,644	\$ -	\$ -	\$ 84,881,146 151,930,153
						813,365
						560,051
						1,609,624
						1,535,900
		7,040				248,826
			614,072			614,072
			1,640,618			1,853,420
						822,373
373,750				148,689,903		149,063,653
	596,467	298,562				951,542
					110,352,623	110,352,623
<u>\$ 413,793</u>	<u>\$ 5,339,128</u>	<u>\$ 12,363,022</u>	<u>\$ 161,034,896</u>	<u>\$ 148,689,903</u>	<u>\$ 110,352,623</u>	<u>\$ 505,236,748</u>
\$ 80,644 5,827	\$ 123,500 2,455,000	\$ 15,014 131,235	\$ 51,367	\$ -	\$ -	\$ 4,312,861 4,032,776 3,495,660
	903,613					1,504,607
		7,040	4,109,500			7,072,460
					3,983,000	3,983,000
					5,886,660	5,886,660
335,000					100,482,963	111,317,963
<u>421,471</u>	<u>3,482,113</u>	<u>153,289</u>	<u>4,160,867</u>	<u>-</u>	<u>110,352,623</u>	<u>141,605,987</u>
				148,689,903		148,689,903
(7,678)	1,857,015					1,849,337
						3,583,469
						822,373
		5,988,916				5,988,916
		3,378,696				3,378,696
			156,874,029			156,874,029
						5,410,908
						2,200,000
		2,842,121				34,833,130
(7,678)	1,857,015	12,209,733	156,874,029	148,689,903	-	363,630,761
<u>\$ 413,793</u>	<u>\$ 5,339,128</u>	<u>\$ 12,363,022</u>	<u>\$ 161,034,896</u>	<u>\$ 148,689,903</u>	<u>\$ 110,352,623</u>	<u>\$ 505,236,748</u>

**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trusts</u>	
<b>REVENUES:</b>					
Real estate and personal property taxes, net of reserve for abatements	\$ 96,151,514	\$ -	\$ -	\$ -	\$ 96,151,514
Motor vehicle and other excise taxes	4,744,130				4,744,130
Payments in lieu of taxes	1,587,993				1,587,993
Water and Sewer charges	17,835,832				17,835,832
Licenses and permits	825,586				825,586
Fines and forfeitures	2,782,595				2,782,595
Intergovernmental	14,555,019	7,155,165	99,461		21,809,645
Investment income	3,666,618	206,326	54,595	1,257,209	5,184,748
Contributions				277,204	277,204
Departmental and other	8,098,373	10,161,582			18,259,955
<b>TOTAL REVENUES</b>	<b>150,247,660</b>	<b>17,523,073</b>	<b>154,056</b>	<b>1,534,413</b>	<b>169,459,202</b>
<b>EXPENDITURES:</b>					
Current:					
General government	5,156,630	964,586		525	6,121,741
Public safety	25,761,894	689,506		21,832	26,473,232
Education	44,812,846	7,129,227		113,144	52,055,217
Public works	25,417,471	635,700		51,490	26,104,661
Human services	1,573,569	138,289		652,983	2,364,841
Leisure services	3,648,938	829,145		74,155	4,552,238
Community and economic development		2,693,667			2,693,667
Pension benefits	8,334,161				8,334,161
Fringe benefits	10,470,382				10,470,382
State and county charges	5,966,549				5,966,549
Capital outlay			16,582,151		16,582,151
Debt service:					
Principal	5,506,408				5,506,408
Interest	4,256,819				4,256,819
<b>TOTAL EXPENDITURES</b>	<b>140,905,667</b>	<b>13,080,120</b>	<b>16,582,151</b>	<b>914,129</b>	<b>171,482,067</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>9,341,993</b>	<b>4,442,953</b>	<b>(16,428,095)</b>	<b>620,284</b>	<b>(2,022,865)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds of general obligation bonds			55,825,000		55,825,000
Operating transfers in	1,481,884			1,560,000	3,041,884
Operating transfers out	(1,560,000)	(1,123,409)		(10,000)	(2,693,409)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(78,116)</b>	<b>(1,123,409)</b>	<b>55,825,000</b>	<b>1,550,000</b>	<b>56,173,475</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES</b>	<b>9,263,877</b>	<b>3,319,544</b>	<b>39,396,905</b>	<b>2,170,284</b>	<b>54,150,610</b>
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR</b>	<b>23,815,689</b>	<b>4,341,922</b>	<b>(36,130,178)</b>	<b>4,050,533</b>	<b>(3,922,034)</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 33,079,566</b>	<b>\$ 7,661,466</b>	<b>\$ 3,266,727</b>	<b>\$ 6,220,817</b>	<b>\$ 50,228,576</b>

See notes to general purpose financial statements.

**GENERAL FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS - BUDGET AND ACTUAL**

**FISCAL YEAR ENDED JUNE 30, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Real estate and personal property taxes	\$ 96,399,645	\$ 96,949,094	\$ 549,449
Motor vehicle and other excise taxes	3,800,000	4,744,130	944,130
Payments in lieu of taxes	1,150,000	1,587,993	437,993
Water and Sewer charges	17,283,536	17,835,832	552,296
Licenses and permits	740,000	825,586	85,586
Fines and forfeitures	2,650,000	2,782,595	132,595
Intergovernmental	14,292,872	14,555,019	262,147
Investment income	1,450,000	3,666,618	2,216,618
Departmental and other	5,750,000	8,098,373	2,348,373
<b>TOTAL REVENUES</b>	<b>143,516,053</b>	<b>151,045,240</b>	<b>7,529,187</b>
<b>EXPENDITURES:</b>			
Current:			
General government	7,497,997	6,084,932	1,413,065
Public safety	27,608,997	26,899,562	709,435
Education	45,179,215	45,179,096	119
Public works	26,095,917	25,212,399	883,518
Human services	1,591,243	1,564,294	26,949
Leisure services	3,776,412	3,764,421	11,991
Pension benefits	8,352,848	8,334,161	18,687
Fringe benefits	3,880,840	3,846,470	34,370
Allowance for abatements	3,212,154	826,771	2,385,383
State and county charges	5,854,151	5,966,549	(112,398)
Debt service:			
Principal	5,506,408	5,506,408	-
Interest	4,849,595	4,256,819	592,776
<b>TOTAL EXPENDITURES</b>	<b>143,405,777</b>	<b>137,441,882</b>	<b>5,963,895</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>110,276</b>	<b>13,603,358</b>	<b>13,493,082</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	1,481,884	1,481,884	-
Operating transfers out	(1,560,000)	(1,560,000)	-
Transfers to self insurance fund	(6,622,160)	(6,622,160)	-
Use of unreserved fund balance	6,590,000	6,590,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(110,276)</b>	<b>(110,276)</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 13,493,082</b>	<b>\$ 13,493,082</b>

See notes to general purpose financial statements.

**ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY**

**FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Golf Enterprise	Internal Service	Nonexpendable Trusts	
<b>OPERATING REVENUES:</b>				
Employer contributions	\$ -	\$ 7,516,609	\$ -	\$ 7,516,609
Employee and other contributions		1,347,546		1,347,546
Charges for services	1,019,808			1,019,808
<b>TOTAL OPERATING REVENUES</b>	<b>1,019,808</b>	<b>8,864,155</b>	<b>-</b>	<b>9,883,963</b>
<b>OPERATING EXPENSES:</b>				
Cost of services and administration	758,390			758,390
Depreciation	32,500			32,500
Employee benefits		9,692,863		9,692,863
<b>TOTAL OPERATING EXPENSES</b>	<b>790,890</b>	<b>9,692,863</b>	<b>-</b>	<b>10,483,753</b>
<b>OPERATING INCOME (LOSS)</b>	<b>228,918</b>	<b>(828,708)</b>	<b>-</b>	<b>(599,790)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income		73,914	765,553	839,467
Interest expense	(17,842)			(17,842)
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET</b>	<b>(17,842)</b>	<b>73,914</b>	<b>765,553</b>	<b>821,625</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>211,076</b>	<b>(754,794)</b>	<b>765,553</b>	<b>221,835</b>
<b>OPERATING TRANSFERS:</b>				
Transfers out	(348,475)	-	-	(348,475)
<b>NET INCOME (LOSS)</b>	<b>(137,399)</b>	<b>(754,794)</b>	<b>765,553</b>	<b>(126,640)</b>
<b>RETAINED EARNINGS/FUND BALANCES,</b>				
Beginning of year	129,721	2,611,809	5,223,363	7,964,893
<b>RETAINED EARNINGS/FUND BALANCES,</b>				
End of year	<b>\$ (7,678)</b>	<b>\$ 1,857,015</b>	<b>\$ 5,988,916</b>	<b>\$ 7,838,253</b>

See notes to general purpose financial statements.

**ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS**  
**COMBINED STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2000

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Total (Memorandum Only)</u>
	<u>Golf Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trusts</u>	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Operating income (loss)	\$ 228,918	\$ (828,708)	\$ -	\$ (599,790)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	32,500			32,500
Changes in assets and liabilities:				
Prepaid expenses		(8,767)		(8,767)
Warrants payable	(21,215)	(170,513)		(191,728)
Accrued liabilities	(696)	335,000		334,304
Other liabilities		(412,917)		(412,917)
Total adjustments	10,589	(257,197)	-	(246,608)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>239,507</u>	<u>(1,085,905)</u>	<u>-</u>	<u>(846,398)</u>
<b><u>CASH FLOWS (USED FOR) NONCAPITAL FINANCING ACTIVITIES:</u></b>				
Operating transfers out	(348,475)			(348,475)
<b><u>CASH FLOWS (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Interest expense	(17,842)			(17,842)
Principal payments on bonds and notes	(45,000)			(45,000)
<b>NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(62,842)</u>	<u>-</u>	<u>-</u>	<u>(62,842)</u>
<b><u>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:</u></b>				
Investment income		73,914	765,553	839,467
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>(171,810)</u>	<u>(1,011,991)</u>	<u>765,553</u>	<u>(418,248)</u>
<b>CASH AND SHORT-TERM INVESTMENTS AT BEGINNING OF YEAR</b>	<u>211,853</u>	<u>5,754,652</u>	<u>1,336,472</u>	<u>7,302,977</u>
<b>CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR</b>	<u>\$ 40,043</u>	<u>\$ 4,742,661</u>	<u>\$ 2,102,025</u>	<u>\$ 6,884,729</u>
<b><u>RECONCILIATION TO COMBINED BALANCE SHEET:</u></b>				
Cash and short-term investments at end of year	\$ 40,043	\$ 4,742,661	\$ 2,102,025	\$ 6,884,729
Cash and short-term investments at end of year, Expendable Trust and Agency	<u>-</u>	<u>-</u>	<u>4,383,886</u>	<u>4,383,886</u>
<b>CASH AND SHORT-TERM INVESTMENTS PER THE COMBINED BALANCE SHEET</b>	<u>\$ 40,043</u>	<u>\$ 4,742,661</u>	<u>\$ 6,485,911</u>	<u>\$ 11,268,615</u>

See notes to general purpose financial statements.

**PENSION TRUST FUND**  
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR EMPLOYEES' PENSION BENEFITS**  
**YEAR ENDED DECEMBER 31, 1999**

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**ADDITIONS:**

Employer contributions	\$ 8,112,000
Employee contributions	<u>3,190,054</u>
Total contributions	<u>11,302,054</u>

**Net investment income:**

Net appreciation in fair value of investments	11,861,548
Interest	4,707,025
Dividends	56,842
Other	<u>110,746</u>

Total investment income	16,736,161
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Less investment expense	<u>(410,363)</u>
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Net investment income	<u>16,325,798</u>
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Intergovernmental	1,452,887
Transfers from other systems	<u>241,923</u>

Total additions	<u>29,322,662</u>
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**DEDUCTIONS:**

Administration	229,775
Retirement benefits and refunds	12,774,932
Transfers to other systems	<u>260,733</u>

Total deductions	<u>13,265,440</u>
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Net increase	16,057,222
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Net assets available for employees' pension benefits at beginning of year (fund balance reserved for employees' pension benefits)	<u>140,816,807</u>
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Net assets available for employees' pension benefits at end of year (fund balance reserved for employees' pension benefits)	<u>\$ 156,874,029</u>
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See notes to general purpose financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying general purpose financial statements of the Town of Brookline, Massachusetts (the Town), have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

**A. Reporting Entity**

The Town was founded in 1630 as a part of Boston and was incorporated in 1705 under the Statutes of the Commonwealth of Massachusetts (the Commonwealth). The Town operates under a representative Town Meeting form of government and provides the following services to the residents of its community: administrative, public safety, public works, education, community development, water and sewer, health, elder and recreation.

The Town is a municipal corporation governed by an elected Board of Selectmen (the Board).

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential Component Units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's general purpose financial statements to be misleading or incomplete. As required by GAAP, these general purpose financial statements present the Town (the Primary Government) and its Component Units. The Town has included one entity as a Component Unit in the reporting entity, because of the significance of its operational and/or financial relationship with the Town.

*Blended Component Units* – Blended Component Units are entities which are legally separate from the Town, but are so related to the Town that they are, in substance, the same as the Town or entities providing services entirely or almost entirely for the benefit of the Town. The Brookline Contributory Retirement System is blended within the Primary Government.

The Brookline Contributory Retirement System (the System) was established to provide retirement benefits to Town employees and their beneficiaries. The System is governed by a five member board comprised of the Town Comptroller (ex-officio), an appointee of the Board, two members elected by the active and retired members of the System and one member appointed by the other four board members. The System is presented using the accrual basis of accounting and is reported as a Pension Trust Fund. The System did not issue a separate audited financial statement.

*Joint Ventures* – The Town is a member of the Massachusetts Water Resources Authority (MWRA), a joint venture with other Massachusetts governmental entities that was organized to provide water and sewer services to the respective members' Cities, Towns and Districts. Complete financial statements for the MWRA can be obtained directly from their administrative office located at 100 First Avenue, Boston, Massachusetts 02189.

The Town is also a member of the Massachusetts Bay Transportation Authority (MBTA), a joint venture with other Massachusetts governmental entities that was organized to provide public transportation services to the respective members' Cities, Towns and Districts. Complete financial statements for the MBTA can be obtained directly from their administrative office located at 10 Park Plaza, Boston, Massachusetts 02116.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the Town are organized and operated on the basis of Funds and Account Groups. A Fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates Funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related, legal and contractual provisions. The minimum number of Funds are maintained consistent with legal and managerial requirements. Account Groups are a reporting device used to account for certain assets and liabilities of Governmental Funds not recorded directly in those Funds.

The Town has the following Fund Types and Account Groups:

**Governmental Funds** are used to account for the Town's general governmental activity. Governmental Fund Types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, landfill closure liabilities, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received by the Town, and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

Governmental Funds include the following Fund Types:

The *General Fund* is the general operating Fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources (other than Expendable Trusts or Capital Projects) that are restricted by law or administrative action to expenditures for specified purposes.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Trust Funds).

**Proprietary Funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. For Proprietary Fund accounting, the Town applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncement

The *Enterprise Fund* is used to account for those operations that are financed and operated in a manner similar to private business or where the Town has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Enterprise Fund is used to account for the Town's Golf Course activities.

The *Internal Service Fund* is used to account for the financing of services provided by one department to other departments or governmental units. The Town is accounting for its risk financing activities related to health insurance, workers' compensation and municipal building insurance in its Internal Service Fund.

**Fiduciary Funds** account for assets held by the Town in a trustee capacity or as an agent on behalf of others. Trust Funds account for assets held by the Town under the terms of a trust agreement.

The *Expendable Trust Fund* is accounted for in essentially the same manner as Governmental Fund Types, using the same measurement focus and basis of accounting. Expendable Trust Funds are used to account for trusts where both principal and earnings may be spent.

The *Nonexpendable Trust Fund* and *Pension Trust Fund* are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Nonexpendable Trust Fund is used to account for trusts that stipulate that only earnings, and not principal, may be spent.

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency Funds are accounted for using the modified accrual basis of accounting. This Fund is used to account for assets that the Town holds for others in an agency capacity.

The **General Fixed Assets Account Group** accounts for the general fixed assets of the Town.

The **General Long-Term Obligations Account Group** is used to account for general long-term bonds and notes issued by the Town, compensated absences, landfill closure liabilities and claims and judgments that will be financed in future fiscal years from Governmental Funds.

### C. Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

### D. Property Taxes

Property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessors' for 100% of the estimated fair market value. Taxes are due on February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup> and November 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Tax liens are processed during the fourth quarter of every fiscal year on delinquent properties. Property taxes levied are recorded as receivables in the fiscal year of the levy and are recorded under the modified accrual basis of accounting.

### E. Inventories

Inventories are recorded as expenditures at the time of purchase. Such inventories of the Governmental and Enterprise Funds are not material in total to the general purpose financial statements and, therefore, are not reported.

### F. Fixed Assets

#### *Governmental Funds*

General fixed asset acquisitions are recorded as expenditures in the acquiring Fund and capitalized in the General Fixed Assets Account Group in the fiscal year purchased. General fixed assets are recorded at historical cost, or at estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at the estimated fair market value at the date of donation. In addition, interest is not capitalized on constructed general fixed assets and general fixed assets are not depreciated.

#### *Enterprise Fund*

Fixed assets of the Enterprise Fund are valued at historical cost, or at estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at the estimated fair market value at the date of donation. In addition, interest is not capitalized on constructed fixed assets.

Fixed assets are depreciated on a straight-line basis.

#### *Governmental Funds and Enterprise Fund*

The Town does not capitalize land or infrastructure. The Town's infrastructure assets, such as roads, bridges, sidewalks and water and sewer lines, are generally immovable and are of value only to the Town.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenditures/expenses when incurred. Improvements are capitalized.

The Town capitalizes all purchases and construction costs in excess of \$5,000 at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

### G. Interfund/Intrafund Transactions

During the course of its operations, the Town records transactions between Funds and/or between departments. Transactions of a buyer/seller nature between departments within a Fund are not eliminated from the individual Fund statements. Receivables and payables resulting from transactions between Funds are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

### H. Fund Equity

The Town reports fund balances as reserved and designated where legally restricted for a specific future use. Otherwise, these balances are considered unreserved.

Fund balances have been "reserved for" the following:

"Encumbrances and continuing appropriations" represent amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

"Loans" represent the Town's Community Development outstanding loans receivable.

"Nonexpendable trust" represents amounts held by the Town for which only investment earnings may be expended.

"Stabilization" represents the amount accumulated for general and/or capital purposes upon Town Meeting approval.

"Employees' pension benefits" represent the net assets available to the System's participants that cannot be used for any other purpose.

Fund balances have been "designated for" the following:

"Capital expenditures" represent amounts that management intends on using to fund future capital projects.

"Subsequent years' expenditures" represent the amount of unreserved fund balance that has been voted to balance the fiscal year 2001 budget.

#### I. Long-Term Debt

Long-term financing for Governmental Funds is recorded in the General Long-Term Obligations Account Group. Principal and interest expenditures on long-term debt are recorded in the General Fund.

Long-term financing of the Enterprise Fund is recorded as bonds payable in the Enterprise Fund. Principal pay downs and interest expenses paid on long-term debt are recorded in the Enterprise Fund.

#### J. Investment Income

Investment income from Special Revenue and Capital Projects Funds is legally assigned to the General Fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from the Enterprise Fund is voluntarily assigned and transferred to the General Fund. The Internal Service Fund retains its investment income.

Investment income from the Nonexpendable Trust Fund is legally assigned to the Expendable Trust Fund.

#### K. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. For Governmental Funds, vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures and Fund liabilities. Amounts that are not expected to be so liquidated are reported in the General Long-Term Obligations Account Group.

#### L. Post Retirement Benefits

In addition to providing pension benefits, the Town provides health and life insurance coverage for retired

employees and their survivors. The Town recognizes the cost of providing health insurance by recording its share of insurance premiums in the General Fund in the fiscal year paid. For the fiscal year ended June 30, 2000, this expenditure was approximately \$4,374,000. There were approximately 2,000 participants eligible to receive benefits at June 30, 2000.

#### M. Total Column (Memorandum Only)

The total column used on the Combined General Purpose Financial Statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

### **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### A. Budgetary Information

Municipal Law requires the Town to adopt a balanced budget that is approved at the Annual Town Meeting. The Advisory Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Expenditures are budgeted for each department by four major appropriation units, which are personal services, expenses, debt service and capital outlay that are mandated by Municipal Law. The Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Amendments to the originally adopted budget and transfers between departments require the approval of Town Meeting. Transfers between appropriation units within a department (except for the School Department and Library) require the approval of the Town Administrator, and are subject to certain restrictions that may require authorization from the Board and Advisory Committee. Expenditures within the appropriation of the School Department are not restricted. Transfers between Library appropriation units require the approval of the Board of Library Trustees.

The majority of the Town's appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the level of spending authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgements may exceed the level of spending authorized by two-thirds majority vote of Town Meeting.

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original fiscal year 2000 approved budget for the General Fund authorized \$148,375,783 in appropriations and other amounts to be raised.

The Office of the Comptroller has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the Town's accounting system.

#### B. Budgetary - GAAP Reconciliation

Accounting principles followed for purposes of preparing general purpose financial statements on a budgetary basis differ from those used to present general purpose financial statements in conformity with GAAP. A

reconciliation of budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2000, is presented below:

Excess of revenues and other financing sources (uses) over expenditures – budgetary basis.....	\$13,493,082
<u>Perspective difference:</u>	
Self-insured transfer recorded as an expenditure for GAAP.....	6,622,160
<u>Basis of accounting differences:</u>	
Net decrease in revenues.....	( 797,580)
Use of unreserved fund balance.....	( 6,590,000)
Net (increase) decrease in recording expenditures, encumbrances and continuing appropriations.....	<u>( 3,463,785)</u>
Excess of revenues and other financing sources (uses) over expenditures – GAAP basis.....	<u>\$ 9,263,877</u>

### C. Individual Fund Deficits

Several individual fund deficits exist at June 30, 2000, within the Special Revenue Fund. These deficits will be funded through grants and available fund balance during fiscal year 2001.

### D. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2000, actual expenditures and encumbrances exceeded appropriations for State and County Charges. These over-expenditures will be funded through available funds in fiscal year 2001.

## **NOTE 3 - CASH AND INVESTMENTS**

The Town maintains a cash and investment pool that is available for use by all Funds. Each Fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Short-term Investments". The deposits and investments of the Trust Funds are held separately from those of other Town funds.

At fiscal year-end, the carrying amount of the Town's deposits was \$11,061,377 and the bank balance was \$13,115,892. Of the bank balance, \$846,123 was covered by Federal Depository Insurance, \$179,715 was covered by Depositors Insurance Fund, \$3,345,717 was collateralized, and \$8,744,337 was uninsured and uncollateralized. The carrying amount of cash at June 30, 2000 consisted of the following:

<u>Description</u>	<u>Amount</u>
Savings, Checking & NOW accounts.....	\$ 2,311,086
Money Market accounts.....	8,231,499
Certificates of Deposit.....	<u>518,792</u>
Carrying amount of cash.....	<u>\$11,061,377</u>

At December 31, 1999, the carrying amount of deposits for the System was \$1,755,458 and the bank balance of \$1,680,940 was covered by Federal Depository Insurance.

Statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Town participates in the Pool, which meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Short-term investments and investments are classified as to collateral risk into the following three categories:

- Category 1: Insured or registered, or securities held by the Town or its agent in the Town's name.
- Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name.
- Category 3: Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not the Town's name.

Investments for the Town are summarized as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
U.S. Government Securities.....	\$ 285,043	\$ -	\$ -	\$ 285,043
Common and Preferred Stock.....	2,409,062	-	-	2,409,062
Mutual Funds.....	-	<u>2,877,404</u>	-	<u>2,877,404</u>
Sub-total.....	<u>\$2,694,105</u>	<u>\$2,877,404</u>	<u>\$ -</u>	5,571,509

Investments not subject to categorization:

State Treasurer's Investment Pool (MMDT)....	<u>61,398,207</u>
Total Investments.....	<u>\$66,969,716</u>

Investments for the System at December 31, 1999, subject to categorization are classified as category one and are summarized as follows:

Equity Securities.....	\$ 83,668,760
Corporate Bonds.....	4,727,438
International Equity Securities.....	17,178,658
Fixed Income Securities.....	<u>44,705,517</u>
Sub-total.....	150,280,373

Investments not subject to categorization:

Foreign Currency.....	16,491
Mutual Funds.....	5,922,175
Pension Reserve Investment Trust.....	<u>805,709</u>
Total Investments.....	<u>\$157,024,748</u>

The following is a reconciliation of the Town's investments as summarized above to the balance as recorded in the combined balance sheet:

Investments of the Town as summarized above.....	\$ 66,969,716
Less: Short-term investments reported in the combined balance sheet as cash and short-term investments.....	( <u>61,398,207</u> )
Investments of the Town as reported on the combined balance sheet.....	<u>\$ 5,571,509</u>

The following is a reconciliation of the Town's balance of cash and short-term investments as reported on the combined balance sheet at June 30, 2000:

Carrying amount of cash.....	\$ 11,061,377
Add: Short-term investments.....	<u>61,398,207</u>
Cash and short-term investments as reported on the combined balance sheet.....	<u>\$72,459,584</u>

The following is a reconciliation of the Town's investments as summarized above to the balance as recorded in the combined balance sheet:

Investments of the System as summarized above.....	\$ 157,024,748
Less: Short-term investments reported in the combined balance sheet as cash and short-term investments.....	( <u>10,666,104</u> )
Investments of the System as reported on the combined balance sheet.....	<u>\$ 146,358,644</u>

The following is a reconciliation of the System's balance of cash and short-term investments as reported on the combined balance sheet at June 30, 2000:

Carrying amount of cash.....	\$ 1,755,458
Add: Short-term investments.....	<u>10,666,104</u>
Cash and short-term investments as reported on the combined balance sheet.....	<u>\$ 12,421,562</u>

#### NOTE 4 – FIXED ASSETS

*General Fixed Assets Account Group* – Changes in general fixed assets by category at June 30, 2000, are as follows:

	<u>Balance at July 1, 1999</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2000</u>
Buildings.....	\$ 94,688,289	\$ 2,167,885	\$ -	\$ 96,856,174
Machinery and equipment.....	19,178,252	2,836,718	-	22,014,970
Construction in progress.....	<u>15,200,562</u>	<u>14,768,907</u>	<u>( 150,710)</u>	<u>29,818,759</u>
Total General Fixed Assets.....	<u>\$129,067,103</u>	<u>\$ 19,773,510</u>	<u>(\$ 150,710)</u>	<u>\$ 148,689,903</u>

*Enterprise Fund* – Fixed assets consist of the following at June 30, 2000:

Golf Course Improvements.....	\$650,000
Less: accumulated depreciation.....	<u>( 276,250)</u>
Total Fixed Assets.....	<u>\$373,750</u>

#### NOTE 5 - PENSION PLAN

*Plan Description* - The Town contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Brookline Contributory Retirement Board. Substantially all employees are members of the System except for public school teachers and certain administrators who are members of the Commonwealth of Massachusetts' Teachers Contributory Retirement System to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are funded by the Commonwealth. These on-behalf payments are not available from the Commonwealth and, therefore, have not been reported in the general purpose financial statements. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws (MGL) assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 are funded by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Brookline Contributory Retirement Board and are funded by the System. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's

Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at Brookline Town Hall, 333 Washington Street, Brookline, Massachusetts 02146. Massachusetts' contributory benefits are uniform from System to System. The System provides retirement, disability and death benefits to plan members and beneficiaries up to a maximum of 80% of a member's highest three year average rate of regular compensation. In addition to regular compensation, benefits are based upon a member's age, length of creditable service and group classification. Members become vested after ten years of creditable service. A normal retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65, except for certain hazardous duty and public safety employees who attain normal retirement at age 55.

**Funding Policy** - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the systemwide actuarially determined contribution that are apportioned among the employers based on active current payroll. The current and two preceding fiscal years apportionment required the Town to contribute approximately 97% of the annual pension cost of employers. Chapter 32 of the MGL governs the contributions of plan members and the Town.

**Annual Pension Cost** - The Town's contributions to the System for the years ended June 30, 2000, 1999 and 1998 were \$7,924,310, \$7,782,602 and \$7,253,893 respectively, which equaled its required contribution for each fiscal year. At June 30, 2000, the Town did not have a net pension obligation. The required contribution was determined as part of the January 1, 1998 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.0% investment rate of return and projected salary increases of 5.5% per fiscal year. The actuarial value of the System's assets was determined using the fair value of the assets. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll. The remaining amortization period at January 1, 2000 was 29 years.

**Schedule of Funding Progress**  
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value Of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage Of Covered Payroll ((B-A)/C)
1/1/00	\$ 160,984	\$ 216,578	\$ 55,595	74.3%	\$ 43,029	129.2%
1/1/98	121,604	192,306	70,701	63.2	40,150	176.1
1/1/96	93,286	156,258	62,972	59.7	36,686	171.7

**Noncontributory Retirement Allowance** - The Town pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the System. The General Fund expenditure for fiscal year 2000 was approximately \$406,000.

**NOTE 6 - SHORT-TERM FINANCING**

The Town is authorized to borrow on a temporary basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).

- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations of the Town and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the General Fund and Enterprise Fund, respectively.

The Town has a \$10,500,000 BAN outstanding at June 30, 2000 to be used for School Remodeling. The note carries a 4.75% interest rate and is due on June 1, 2001.

## NOTE 7 - LONG-TERM DEBT

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the Town's outstanding indebtedness at June 30, 2000, and the debt service requirements are as follows:

### ***Bonds and Notes Payable Schedule***

	<u>Interest Rate</u>	<u>Balance Outstanding July 1, 1999</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance Outstanding June 30, 2000</u>
<b>Governmental Funds</b>					
<i>Inside Debt Limit</i>					
Schools	3.79% - 6.38%	\$ 9,433,000	\$ 2,740,000	\$ 1,214,000	\$ 10,959,000
General government	3.74% - 5.90%	14,873,000	6,900,000	1,481,000	20,292,000
Departmental equipment	3.74% - 5.51%	1,042,000	325,000	428,000	939,000
Athletic and recreational facilities	3.74% - 6.38%	<u>1,495,000</u>	<u>300,000</u>	<u>270,000</u>	<u>1,525,000</u>
Sub-total		<u>26,843,000</u>	<u>10,265,000</u>	<u>3,393,000</u>	<u>33,715,000</u>
<i>Outside Debt Limit</i>					
Water	0.00% - 6.63%	14,281,371	1,760,000	1,453,408	14,587,963
Schools	5.35%	<u>9,040,000</u>	<u>43,800,000</u>	<u>660,000</u>	<u>52,180,000</u>
Sub-total		<u>23,321,371</u>	<u>45,560,000</u>	<u>2,113,408</u>	<u>66,767,963</u>
Total governmental bonds and notes payable		<u>50,164,371</u>	<u>55,825,000</u>	<u>5,506,408</u>	<u>100,482,963</u>
<b>Enterprise Fund</b>					
<i>Inside Debt Limit</i>					
Golf course improvements	5.15%	<u>380,000</u>	<u>-</u>	<u>45,000</u>	<u>335,000</u>
Total bonds and notes payable		<u>\$ 50,544,371</u>	<u>\$55,825,000</u>	<u>\$ 5,551,408</u>	<u>\$100,817,963</u>
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Debt service requirements for principal and interest for bonds and notes payable in future fiscal years are as follows:

**GOVERNMENTAL FUNDS**

Year Ending June 30	Principal	Interest	Total
2001.....	\$ 7,501,408	\$ 5,104,051	\$ 12,605,459
2002.....	7,100,518	4,738,699	11,839,217
2003.....	6,835,518	4,372,234	11,207,752
2004.....	6,350,518	4,056,575	10,407,093
2005.....	5,825,000	3,751,755	9,576,755
Thereafter....	<u>66,870,001</u>	<u>26,270,689</u>	<u>93,140,690</u>
Total.....	<u>\$100,482,963</u>	<u>\$ 48,294,003</u>	<u>\$148,776,966</u>

**ENTERPRISE FUND**

Year Ending June 30	Principal	Interest	Total
2001.....	\$ 45,000	\$ 16,378	\$ 61,378
2002.....	45,000	14,150	59,150
2003.....	45,000	11,878	56,878
2004.....	45,000	9,560	54,560
2005.....	45,000	7,198	52,198
Thereafter....	<u>110,000</u>	<u>7,678</u>	<u>117,678</u>
Total.....	<u>\$ 335,000</u>	<u>\$ 66,842</u>	<u>\$ 401,842</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of 25% as a grant and 75% as a non-interest-bearing loan. The loan payable portion is payable in five equal annual installments. At June 30, 2000 the outstanding principal amount of these loans was \$722,963.

The Commonwealth of Massachusetts has approved construction assistance to the Town. The assistance program, which is administered by the School Building Assistance Bureau, provides resources for future debt service of general obligation school bonds outstanding. These resources are subject to annual appropriation by the State Legislature and the Town's compliance with certain reporting requirements. During fiscal year 2000, the Town received approximately \$902,000 of such assistance. Assuming annual appropriations by the Commonwealth for existing and future general obligation school bonds for approved school construction projects, approximately \$56,100,000 will be received in future fiscal years.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. As of June 30, 2000, the Town had the following authorized and unissued debt:

<u>Description</u>	<u>Date Authorized</u>	<u>Authorized Amount</u>	<u>Bonds Sold</u>	<u>Amount Authorized and Unissued</u>
High school renovations	11/06/95	\$43,800,000	\$43,800,000	\$ -
Title V – MWPAT	11/04/97	200,000	-	200,000
Parking meters	05/26/98	325,000	325,000	-
Public safety headquarters	05/26/98	600,000	600,000	-
Baker school remodeling	05/26/98	10,500,000	-	10,500,000
School life safety systems	05/26/98	800,000	800,000	-
Runkle school windows	05/26/98	290,000	290,000	-
Pierce school bathrooms	05/26/98	100,000	100,000	-
Sewer reconstruction	05/25/99	2,000,000	2,000,000	-
Water mains	05/25/99	1,763,213	1,760,000	3,213
Water garage	05/25/99	1,300,000	1,300,000	-
Runkle playground	05/25/99	300,000	300,000	-
Hall's pond	05/25/99	100,000	-	100,000
Life safety systems	05/25/99	800,000	800,000	-
Driscoll school – elevator and roof	05/25/99	450,000	450,000	-
Senior center	05/25/99	2,750,000	2,750,000	-
Fire station # 1	05/25/99	250,000	250,000	-
Lincoln school – elevator and renovations	05/25/99	300,000	300,000	-
Putterham golf course	05/25/00	300,000	-	300,000
Water meters	05/25/00	1,200,000	-	1,200,000
Main library renovations	05/25/00	11,000,000	-	11,000,000
Lawrence school	05/25/00	935,000	-	935,000
Driscoll School	05/25/00	900,000	-	900,000
Total		<u>\$80,963,213</u>	<u>\$55,825,000</u>	<u>\$25,138,213</u>

#### Overlapping debt

The Town pays assessments that include debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). The primary overlapping debt relates to the MBTA, MWRA and Norfolk County. Details related to the Town's overlapping debt at June 30, 2000, are as follows:

<u>Governmental Unit</u>	<u>Long-term debt Outstanding (Unaudited)</u>	<u>Brookline's Estimated Share</u>	<u>Brookline's Estimated Indirect Debt</u>
MBTA.....	\$ 360,236,000	3.68%	\$ 13,238,565
MWRA.....	4,257,231,000	2.86%	119,382,091
Norfolk County.....	<u>200,000</u>	11.10%	<u>22,080</u>
Total.....	<u>\$4,617,667,000</u>		<u>\$132,642,736</u>

General Long -Term Obligations Account Group

The Town records its liability for long-term bonds and notes in the General Long-Term Obligations Account Group. Other general long-term obligations recognized by the Town are its obligations for compensated absences and landfill closure. The Town did not report the estimated Landfill Closure liability in prior fiscal years. These liabilities will be liquidated in the future from Governmental Funds.

During the fiscal year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group:

	Balance July 1, 1999	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Net Increase (Decrease)	Balance June 30, 2000
Long-Term Bonds and Notes.....	\$ 50,164,371	\$55,825,000	(\$ 5,506,408)	\$ -	\$100,482,963
Compensated Absences.....	5,669,731	-	-	216,929	5,886,660
Landfill Closure.....	<u>3,983,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,983,000</u>
Total.....	<u>\$ 59,817,102</u>	<u>\$55,825,000</u>	<u>(\$5,506,408)</u>	<u>\$216,929</u>	<u>\$110,352,623</u>

**NOTE 8 - RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

The Town is self-insured for its health, workers' compensation and municipal building insurance activities. These activities are accounted for the Town's Internal Service Fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

**(a) Health Insurance**

The Town estimates it's incurred But Not Reported (IBNR) claims based on a two-month claims paid average. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$300,000.

At June 30, 2000 the amount of the liability for health insurance claims was \$711,000. This liability is the Town's best estimate based on available information. Changes in the reported liability since July 1, 1998 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 1999.....	\$1,215,000	\$7,138,729	(\$7,378,729)	\$975,000
Fiscal Year 2000.....	975,000	8,500,439	( 8,764,439)	711,000

(b) *Workers' Compensation*

Workers' compensation claims are administered by a third party and are funded on a pay-as-you-go basis from annual appropriations. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$300,000. The Town estimates its future workers' compensation liability based on history and injury type.

At June 30, 2000 the amount of the liability for workers' compensation claims was \$1,744,000. Changes in the reported liability since July 1, 1998 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 1999.....	\$1,217,000	\$ 615,049	(\$687,049)	\$1,145,000
Fiscal Year 2000.....	1,145,000	1,460,086	( 861,086)	1,744,000

The Town's IBNR claims for municipal building insurance are not material at June 30, 2000, and therefore are not reported.

**NOTE 9 – CAPITAL STABILIZATION FUND**

The Town has \$3,378,696 in a Capital Stabilization Fund classified in the Expendable Trust Fund. The Town transferred \$1,560,000 from the approved operating budget into the fund in fiscal year 2000 and has appropriated \$95,400 to be transferred into the fund in fiscal year 2001. The Capital Stabilization Fund may be used for capital purposes upon approval of Town Meeting.

**NOTE 10 - LANDFILL CLOSURE COSTS**

State and federal laws and regulations require the Town to close its old landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town operated a solid waste landfill that ceased operations in 1972. The Town has reflected \$3,983,000 as the estimate of the landfill closure liability at June 30, 2000, in the General Long-Term Obligations Account Group. This amount is based on estimates of what it would cost to perform all future closure and post closure care in fiscal year 2000. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**NOTE 11 - COMMITMENTS**

The Town has entered into a long-term contract with Arthur Schofield, Inc. to direct the acceptable waste it collects to a transfer station. The Town is charged a flat rate per ton that is subject to increase annually. There are no minimum tonnage requirements that the Town must comply with.

The Town has entered into a long-term contract with Browning Ferris Industries to provide recycling services. The Town is charged a flat rate of \$73.10 per ton of acceptable waste collected and hauled. There are no minimum tonnage requirements that the Town must comply with.

The School Department has entered into an agreement with Laidlaw Transit, Inc. to provide for the transportation of its students. The contract bears an annual cost of approximately \$850,000 and expires August 31, 2002.

The Town has entered into, or is planning to enter into, contracts totaling approximately \$25,100,000 for the remodeling/renovations of the Baker, Lawrence and Driscoll schools, the upgrading and replacing of water meters, renovations to the Main library and renovations of the Putterham golf course.

#### **NOTE 12 - CONTINGENCIES**

The Town participates in a number of federal award programs. Although the Town grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2000, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2000, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2000.

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## ***Supplementary Information***

# SCHEDULE OF LONG TERM DEBT

FISCAL YEAR ENDED JUNE 30, 2000

	Issue Amount	Interest Rate	Maturity Date	Balance Outstanding July 1, 1999	Issued FY 2000
<b>INSIDE DEBT LIMIT</b>					
<b>SCHOOLS</b>					
1989 High School Roof	\$ 300,000	6.38%	11/15/99	\$ 30,000	\$ -
1990 Asbestos Removal	150,000	5.91%	08/15/99	15,000	-
1991 School Boilers	350,000	5.91%	08/15/06	175,000	-
1991 Driscoll School Gymnasium	400,000	5.91%	08/15/06	200,000	-
1992 School Boilers	800,000	5.30%	09/01/10	530,000	-
1992 Baker School Roof	1,500,000	4.92%	09/01/02	600,000	-
1992 Runkle School Repairs	295,000	5.35%	09/01/12	205,000	-
1992 High School Windows	250,000	5.31%	09/01/12	160,000	-
1992 High School Safety System	510,000	5.27%	09/01/09	330,000	-
1994 High School Safety System	1,000,000	3.94%	01/15/04	500,000	-
1994 Heath Roof	130,000	3.92%	01/15/04	65,000	-
1995 Heath School	3,200,000	5.35%	04/01/15	2,560,000	-
1995 Various School Buildings	85,000	4.56%	04/01/00	17,000	-
1995 Various School Buildings	750,000	5.90%	04/01/10	550,000	-
1996 Driscoll Auditorium	100,000	4.19%	02/15/06	77,000	-
1996 Devotion Windows	160,000	4.20%	02/15/06	124,000	-
1996 Devotion Roof	75,000	4.19%	02/15/06	58,000	-
1996 Lawrence Roof	100,000	4.20%	02/15/06	77,000	-
1996 Heath School	300,000	4.11%	02/15/06	210,000	-
1997 Driscoll School Repairs	400,000	4.70%	06/15/07	320,000	-
1997 Devotion School Repairs	750,000	4.70%	06/15/07	600,000	-
1997 Life Safety Systems	300,000	4.70%	06/15/07	240,000	-
1997 Various School Buildings	220,000	4.70%	06/15/07	176,000	-
1997 Baker School Remodeling	540,000	4.87%	06/15/02	324,000	-
1998 Driscoll Windows	200,000	4.13%	06/15/08	180,000	-
1998 Runkle Windows	300,000	4.13%	06/15/08	270,000	-
1998 High School Canopy	100,000	3.93%	06/15/03	80,000	-
1998 Life Safety Systems	600,000	4.13%	06/15/08	540,000	-
1998 Baker Remodeling	280,000	3.92%	06/15/03	220,000	-
2000 Fire Alarm Systems	800,000	4.99%	04/01/12	-	800,000
2000 Runkle Windows	290,000	4.94%	04/01/10	-	290,000
2000 Pierce Bathrooms	100,000	4.94%	04/01/10	-	100,000
2000 Life safety systems	800,000	4.94%	04/01/10	-	800,000
2000 Driscoll Roof & Elevator	450,000	4.94%	04/01/10	-	450,000
2000 Old Lincoln Elevator & Remodeling	300,000	4.94%	04/01/10	-	300,000
sub total	16,885,000			9,433,000	2,740,000

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Maturities FY 2000	Outstanding June 30, 2000	Interest Paid FY 2000
\$ 30,000	\$ -	\$ 960
15,000	-	420
25,000	150,000	9,775
25,000	175,000	11,325
45,000	485,000	26,913
150,000	450,000	26,025
15,000	190,000	10,558
15,000	145,000	8,093
30,000	300,000	16,635
100,000	400,000	19,900
13,000	52,000	2,587
160,000	2,400,000	134,320
17,000	-	799
50,000	500,000	27,850
8,000	69,000	3,204
12,000	112,000	5,170
6,000	52,000	2,413
8,000	69,000	3,208
30,000	180,000	8,685
40,000	280,000	14,830
75,000	525,000	27,806
30,000	210,000	11,123
22,000	154,000	8,157
108,000	216,000	15,093
20,000	160,000	8,030
30,000	240,000	12,045
20,000	60,000	3,830
60,000	480,000	24,090
55,000	165,000	10,533
-	800,000	-
-	290,000	-
-	100,000	-
-	800,000	-
-	450,000	-
-	300,000	-
<u>1,214,000</u>	<u>10,959,000</u>	<u>454,373</u>

# SCHEDULE OF LONG TERM DEBT

FISCAL YEAR ENDED JUNE 30, 2000

	Issue Amount	Interest Rate	Maturity Date	Balance Outstanding July 1, 1999	Issued FY 2000
<b>GENERAL GOVERNMENT</b>					
1990 Swimming Pool Building	260,000	5.89%	08/15/99	30,000	-
1991 Library Roof	415,000	5.89%	08/15/06	205,000	-
1992 Town Hall Elevators	100,000	5.16%	09/01/07	58,000	-
1992 Grove Street Building	60,000	5.02%	09/01/04	30,000	-
1992 Town Hall Repairs	95,000	5.33%	09/01/11	65,000	-
1992 Branch Library Repairs	200,000	5.36%	09/01/12	140,000	-
1992 Fire Station Repairs	925,000	5.13%	09/01/06	520,000	-
1992 Sidewalk Construction	1,500,000	4.29%	09/01/02	600,000	-
1994 Various Buildings	380,000	3.94%	01/15/04	190,000	-
1994 Library Building	140,000	3.92%	01/15/04	70,000	-
1994 Fire Station Repairs	150,000	3.92%	01/15/04	75,000	-
1995 Fire Station Repairs	880,000	4.80%	04/01/05	528,000	-
1995 Various Public Buildings	430,000	5.90%	04/00/10	298,000	-
1996 Town Hall Repairs	200,000	4.19%	02/15/06	152,000	-
1996 Building Alarm Systems	280,000	4.20%	02/15/06	218,000	-
1996 Heat & Light Plant Roof	100,000	4.19%	02/15/06	77,000	-
1996 Beacon Street Construction	500,000	3.74%	02/15/01	200,000	-
1996 Surface Drains	400,000	4.11%	02/15/06	280,000	-
1996 Library Remodeling	160,000	4.11%	02/15/06	112,000	-
1996 Library Remodeling Plans	150,000	3.74%	02/15/01	60,000	-
1996 Various Public Buildings	550,000	4.11%	02/15/06	385,000	-
1997 Municipal Service Center (1/2 issue)	3,800,000	4.97%	06/15/17	3,420,000	-
1997 Surface Drains	500,000	4.86%	06/15/07	400,000	-
1998 Municipal Service Center (2/2 issue)	3,800,000	4.61%	06/15/18	3,610,000	-
1998 Wastewater Systems	2,000,000	4.56%	06/15/18	1,880,000	-
1998 Storm Drains	500,000	4.13%	06/15/08	450,000	-
1998 Library Renovations	800,000	4.13%	06/15/08	720,000	-
1998 Sewer Main Reconstruction	127,000	3.92%	06/15/03	100,000	-
2000 Public Safety Facility	600,000	4.82%	04/01/2004	-	600,000
2000 Senior Center	2,750,000	5.28%	04/01/2020	-	2,750,000
2000 Fire Station #1	250,000	4.94%	04/01/10	-	250,000
2000 Sewer Main Reconstruction	2,000,000	5.28%	04/01/2020	-	2,000,000
2000 Water Dept Garage Remodeling	1,300,000	5.28%	04/01/2020	-	1,300,000
sub total	26,302,000			14,873,000	6,900,000
<b>DEPARTMENTAL EQUIPMENT</b>					
1994 Traffic Signals	160,000	3.93%	01/15/04	80,000	-
1995 Fire Engine	460,000	4.56%	04/01/00	92,000	-
1996 Computer Equipment	900,000	3.74%	02/15/01	360,000	-
1997 Parking Meters	250,000	4.86%	06/15/02	150,000	-
1998 Fire Ladder Truck	450,000	3.93%	06/15/03	360,000	-
2000 Parking Meters	325,000	4.82%	04/01/2004	-	325,000
sub total	2,545,000			1,042,000	325,000

<u>Maturities</u> <u>FY 2000</u>	<u>Outstanding</u> <u>June 30, 2000</u>	<u>Interest</u> <u>Paid</u> <u>FY 2000</u>
30,000	-	840
30,000	175,000	11,465
7,000	51,000	2,829
5,000	25,000	1,393
5,000	60,000	3,333
10,000	130,000	7,225
65,000	455,000	25,188
150,000	450,000	26,025
38,000	152,000	7,562
14,000	56,000	2,786
15,000	60,000	2,985
88,000	440,000	25,608
33,000	265,000	15,027
16,000	136,000	6,324
21,000	197,000	9,087
8,000	69,000	3,204
100,000	100,000	7,750
40,000	240,000	11,580
16,000	96,000	4,632
30,000	30,000	2,325
55,000	330,000	15,923
190,000	3,230,000	166,773
50,000	350,000	18,538
190,000	3,420,000	165,348
120,000	1,760,000	85,680
50,000	400,000	20,075
80,000	640,000	32,120
25,000	75,000	4,788
-	600,000	-
-	2,750,000	-
-	250,000	-
-	2,000,000	-
-	1,300,000	-
<u>1,481,000</u>	<u>20,292,000</u>	<u>686,407</u>
16,000	64,000	3,184
92,000	-	4,324
180,000	180,000	13,950
50,000	100,000	6,988
90,000	270,000	17,235
-	325,000	-
<u>428,000</u>	<u>939,000</u>	<u>45,681</u>

# SCHEDULE OF LONG TERM DEBT

FISCAL YEAR ENDED JUNE 30, 2000

	Issue Amount	Interest Rate	Maturity Date	Balance Outstanding July 1, 1999	issued FY 2000
ATHLETIC AND RECREATIONAL FACILITIES					
1989 Clark Playground	300,000	6.38%	11/15/99	30,000	-
1986 Larz Anderson Park	240,000	5.89%	08/15/04	100,000	-
1991 Warren Field	380,000	5.89%	08/15/06	200,000	-
1991 Driscoll Playground	245,000	5.89%	08/15/06	120,000	-
1994 Various outdoor facilities	350,000	3.94%	01/15/04	175,000	-
1996 Soule Playground	330,000	4.09%	02/15/06	225,000	-
1996 Heath School Playground	180,000	3.74%	02/15/01	70,000	-
1998 Eliot Recreation Center	300,000	4.13%	06/15/08	270,000	-
1998 Schick Playground	250,000	4.13%	06/15/08	225,000	-
1998 Larz Anderson Park	100,000	3.93%	06/15/03	80,000	-
2000 Runkle Playground	300,000	4.94%	04/01/2010	-	300,000
sub total	2,975,000			1,495,000	300,000
ENTERPRISE FUND					
1992 Golf Course Improvements	650,000	5.15%	09/01/07	380,000	-
TOTAL INSIDE DEBT	49,357,000			27,223,000	10,265,000
OUTSIDE DEBT LIMIT					
WATER					
1986 Water Mains	1,550,000	5.15%	12/15/01	300,000	-
1987 Water Mains Phase II	2,150,000	6.63%	12/01/02	500,000	-
1989 Water Mains Phase III	300,000	6.37%	11/15/99	40,000	-
1990 Water Mains	3,200,000	5.89%	08/15/06	1,955,000	-
1992 Water Mains	1,600,000	5.27%	09/01/12	1,092,000	-
1994 Water Mains	5,200,000	4.54%	01/15/14	3,895,000	-
1996 Sewer Mains (MWRA Financed)	804,450	0.00%	03/01/01	321,780	-
1997 Water Mains ( 1/2 issue)	2,950,000	4.97%	06/15/17	2,680,000	-
1998 Water Mains ( 2/2 issue)	2,950,000	4.60%	06/15/18	2,795,000	-
1999 Water Rehab (MWRA Financed)	702,591	0.00%	06/18/2004	702,591	-
2000 Water Mains	1,760,000	5.27%	04/01/2020	-	1,760,000
sub total	23,167,041			14,281,371	1,760,000
SCHOOLS					
1992 Lincoln School	13,000,000	5.35%	09/01/12	9,040,000	-
2000 High School	43,800,000	5.33%	04/01/2020	-	43,800,000
sub total	56,800,000			9,040,000	43,800,000
TOTAL OUTSIDE DEBT	79,967,041			23,321,371	45,560,000
TOTAL ALL DEBT	\$ 129,324,041			\$ 50,544,371	\$ 55,825,000

<u>Maturities</u> <u>FY 2000</u>	<u>Outstanding</u> <u>June 30, 2000</u>	<u>Interest</u> <u>Paid</u> <u>FY 2000</u>
30,000	-	960
20,000	80,000	5,315
25,000	175,000	11,325
15,000	105,000	6,795
35,000	140,000	6,965
35,000	190,000	9,275
35,000	35,000	2,713
30,000	240,000	12,045
25,000	200,000	10,038
20,000	60,000	3,830
-	300,000	-
<u>270,000</u>	<u>1,525,000</u>	<u>69,260</u>
45,000	335,000	18,538
<u>3,438,000</u>	<u>34,050,000</u>	<u>1,274,259</u>
100,000	200,000	13,000
150,000	350,000	29,763
40,000	-	1,280
215,000	1,740,000	111,140
98,000	994,000	55,099
259,000	3,636,000	175,431
160,890	160,890	-
135,000	2,545,000	130,734
155,000	2,640,000	127,858
140,518	562,073	-
-	1,760,000	-
<u>1,453,408</u>	<u>14,587,963</u>	<u>644,304</u>
660,000	8,380,000	465,650
-	43,800,000	-
<u>660,000</u>	<u>52,180,000</u>	<u>465,650</u>
<u>2,113,408</u>	<u>66,767,963</u>	<u>1,109,954</u>
<u>\$ 5,551,408</u>	<u>\$ 100,817,963</u>	<u>\$ 2,384,213</u>

